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C O N F I D E N T I A L SECTION 01 OF 02 BUDAPEST 000866

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SUBJECT: DISTORTED REFLECTIONS: THE DISTANCE BETWEEN THE  
LEADERS AND THEIR PARTIES

REF: A) BUDAPEST 732 B) BUDAPEST 788 C) BUDAPEST 823

Classified By: P/E COUNSELOR ERIC V. GAUDIOSI; REASONS 1.4 (B) AND (D)

11. (C) Hungary's political parties leave the spring convention season with their leadership either reaffirmed (FIDESZ and the MDF) or realigned (MSZP and SZDSZ). Although the parties are intent on minimizing their internal divisions, there is an ironic gap between the current party presidents and their own parties. From PM Gyurcsany to FIDESZ leader Orban, party presidents often lead organizations they do not accurately represent.

THE MSZP: UNEASY RESTS THE HEAD

12. (C) Despite his dramatic ultimatum to the party for a clear leadership mandate - and indeed perhaps because of it - PM Gyurcsany is clearly hampered in his efforts to marginalize his rivals within the MSZP and to move forward on his reform agenda (REF A). A recent magazine cover shows other socialist leaders attempting to wrest the wheel of a moving car away from Gyurcsany, with the headline "Hit the Brakes!", reflecting the fact that other party power-brokers including DefMin Szekeres, Labor Minister Kiss, and Parliamentary Speaker Szili remain far to the left of Gyurcsany on questions of government support to the public. Resistance to continued reforms within the MSZP seems to be growing, and the recent wave of scandals in the law enforcement community has diverted the government's attention as it has lent further credence to the opposition's assertion that Gyurcsany's Hungary has become "Absurdistan." Often seen as too progressive by the party's Old Guard and too impersonal by the rank and file, Gyurcsany has never been loved within the MSZP (although he is the first to hold the party presidency and the Prime Ministership simultaneously). With his personal popularity at record lows, he may no longer be feared - or followed - either.

THE SZDSZ: HAS THE TORCH BEEN PASSED?

13. (C) With Economy Minister Koka's narrow victory, the SZDSZ is also making its presence known within the coalition on key issues including health care (REF B). Both outside observers and party insiders including faction leader Matyas Eorsi indicated they are meeting less resistance on these issues from Gyurcsany - who many in both parties feel to be "more SZDSZ than MSZP at heart" - than from the socialist Old Guard. (Indeed, Koka has referred to the MSZP as "Gyurcsany and one or two others versus the other 190 MPs.") Beyond this delicate dynamic within the coalition, Koka has cause for concern on the home front as well. Although his truce with electoral rival (and now Environment Minister) Gabor Fodor appears to be holding for now, Fodor is more representative of the party's dissident roots and his allies are strategically positioned within the party. Koka's management style may be his strongest asset, as sources

report he has "amazed SZDSZ members used to marathon debate by showing them that meetings can take sixty minutes and not six hours." That said, even Koka's supporters admit he is "not perfect" to lead the party, and he has admitted that he is more liberal on social issues than the SZDSZ's base. If Koka is to convince the party faithful to overlook these differences, he will need to reverse the SZDSZ's plunging poll numbers.

#### FIDESZ: THE SPINNING MAN

¶4. (C) Even while celebrating his overwhelming reelection as FIDESZ president, Viktor Orban admitted to diplomatic representatives that he has "no idea what will happen in Hungary ... or even what is possible under our constitution." Although he remains confident that only he can keep FIDESZ's disparate supporters under one party banner, his public remarks have given little indication of where he would lead the party. As one observer suggested, "FIDESZ spends so much time talking about the past because they can't agree about the future." As their party congress indicated, there are marked differences of opinion within FIDESZ regarding both tone and tactics (REF C), and some are distinctly uncomfortable with Orban's current populist incarnation. Many more will be unhappy if he is unable to translate the current popular dissatisfaction with the Gyurcsany government into an electoral victory the next time around.

#### THE MDF: PROGRESS WITHOUT CHANGE

¶5. (C) If there is an exception to this rule it is the MDF. The party weathered widespread defections during the 2006 election and is now actively rebuilding. Party president Ibolya David remains their greatest asset, but translating

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her personal popularity into tangible political support will be their greatest challenge. There is a broad sense among our diplomatic colleagues that David alone has not changed her spots, and most polls indicate that her message of fiscal responsibility has given the MDF both credibility and momentum. Early thinking is that she and her party will be in demand when the time comes to consider the next governing coalition, but our sense is that she will want to bide her time ... and then name her price.

¶6. (C) Comment: With stress fractures emerging within the parties, Gyurcsany especially finds himself with less power than responsibility. Although the PM's ability to move forward on further reforms is constrained by resistance within the MSZP, Orban, too, may have a short honeymoon following his reelection if he is unable to show any progress toward the goal of removing Gyurcsany. Even as the parties continue to contend with each other, their leaders will likely be spending more time tending to their own back yards.

End Comment.  
FOLEY